

May 31, 2001

BUDGET MESSAGE FISCAL YEAR 2001-02

July 1, 2001-June 30, 2002

MAYOR, CITY COUNCIL MEMBERS, AND CITIZENS OF SALISBURY,

It is with pleasure that I present to you the City of Salisbury's FY2001-02 Annual Budget totaling \$41,913,622 for all funds.

A Report on the City's Sixteenth Annual Future Directions and Goal-Setting Conference

The sixteenth Annual Future Directions and Goal Setting Conference for the City was held February 8-10, 2001 at the Mid Pines Inn and Conference Center in Southern Pines, North Carolina. While each of the sixteen Future Directions and Goal-Setting Conferences takes on a personality all its own, this one was uniquely different. It is the first time that the Rowan County Commissioners and the Salisbury City Council held joint sessions to discuss matters of mutual interest. Of primary interest this year were issues involving opportunities for water and sewer service along the Highway 29 and Highway 70 corridors. Serving growth corridors and drought stricken areas were high on the list of discussion items. Both the Rowan County Commissioners and the Salisbury City Council heard a presentation from the members of the Rowan Salisbury School District and School Superintendent on issues critical to the future of our City and County.

Special attention was given to a review of the Salisbury Vision 2020 Comprehensive Plan. This policy-based strategic plan will provide the framework for addressing many issues that will face the City now and in the future. The Salisbury City Council spent time reviewing progress on the Salisbury Community Park and Athletic Complex and the Crime Control Plan. The Salisbury City Council received the final report from Downtown Salisbury, Inc. on recommendations contained in the Downtown Master Plan. Continued focus and coordination are the necessary elements for the successful implementation of this plan. The Salisbury City Council seemed pleased with the progress of the Neighborhood Improvement Task Force.

Though careful attention was given to all these important issues and more, the overriding focus of the Sixteenth Annual Future Directions and Goal Setting Conference was and is the financial outlook. With the State of North Carolina withholding \$510,000 in Inventory Tax Reimbursements during the current fiscal year, the City of Salisbury has implemented measures to address this shortfall as we close out this year. The recommended FY2001-02 budget includes these reimbursements as a revenue source for next year. If the State of North Carolina decides to take aim on some or all of these local government reimbursements to balance next year's state budget, then a significant tax increase or significant reductions in the levels of service provided our citizens would result.

With rising unemployment in our City and County and increasing fuel and natural gas prices, the Salisbury City Council requested that the City Manager, Finance Director and Management Team prepare and submit a FY2001-02 Budget with **no tax increase** while striving to maintain the current levels of municipal services to our citizens. In addition, the City Manager, Finance Director and Utility Management Team were directed to address the significant financial issues facing the Salisbury Water and Sewer Utility while **minimizing the impact of any recommended rate increases on utility rate payers**. Every effort humanly possible was expended to comply with these two requests.

FOCUSING ON OUR MISSION

At the fourteenth Annual Future Directions and Goal Setting Conference, the Salisbury City Council adopted the following Mission Statement:

To enhance Salisbury's status as a GREAT HISTORIC CITY that provides a safe, livable environment for present and future generations with a focus on:

- **Excellent quality services for all citizens**
- **Inclusion and Diversity**
- **Honesty and Integrity**
- **Commitment to a team of creative problem solvers**
- **Partnerships with community organizations**

OUTCOMES, STRATEGIES AND GOALS **Revised at Goal Setting Retreat February 2001**

Outcome #1 – Improve City neighborhoods and develop and maintain a sustainable feeling of safety for all areas of the City.

Goals Assigned to Outcome

1. Implement the Police Department Strategic Plan.
2. Implement the Crime Control Plan.
3. Continue leadership training in selected neighborhoods.
4. Complete and implement the Neighborhood Task Force Plan.
 - a. Work with Board of Realtors and Neighborhood Associations to address problems with certain landlords in residential areas.
 - b. Strengthen minimum housing and nuisance ordinances (e. g. noise, odor, and others).
 - c. Support neighborhoods by promoting responsibilities of landlords and strengthening requirements for landlords and tenants.
5. Expand the number of neighborhoods using the holistic approach for problem solving.
6. Fund projects to improve housing and neighborhoods, working with the Community Development Corporation (CDC).
 - a. Provide additional funding for projects in neighborhoods.
 - b. Develop a rental housing rehab program in selected neighborhoods.
7. Continue to implement the Park Avenue Plan.
8. Provide funding for tree planting in selected neighborhoods.
9. Evaluate the Salisbury High School area to determine the need for targeted assistance.

Outcome #2 - Identify and implement strategies for expanding the tax base and generating new revenue sources.

Goals Assigned to Outcome

1. Begin a new annexation process.
2. Identify new revenue sources to match specific needs.
3. Partner with the Visitors and Convention Bureau to enhance event recruitment.

Outcome #3 - Adopt managed growth criteria for extensions along growth corridors and construct water and sewer lines to targeted growth areas throughout Rowan County.

Goals Assigned to Outcome

1. Consider managed growth prerequisites including:
 - ◆ Extra-territorial jurisdictions (ETJ)
 - ◆ Identification of growth corridors
 - ◆ Economic development requirements
 - ◆ County zoning considerations
 - ◆ Incentives for managed growth
2. Continue to develop joint water and sewer extension policy with consideration of managed growth criteria, Utilities Department economics, and the loss of key customers.
3. Continue working to provide water and sewer service for Spencer Forest and Hawkinstown Subdivisions.
4. Finalize a prioritization system for implementing water and sewer capital improvement projects.
5. Consider growth prerequisites consistent with the Salisbury Vision 2020 Plan.

Outcome #4 - Provide quality parks and recreation services for City residents through attractive parks, well maintained facilities, a variety of programs, and a strong planning system.

Goals Assigned to Outcome

1. Continue construction of the Salisbury Community Park and Recreation Complex.
2. Continue to develop funding sources for future phases of the Parks and Recreation Project.
3. Continue renovation of existing Park and Recreation facilities.
4. Complete master plans for individual parks.
5. Identify additional revenue sources for Greenway System construction.
6. Build a new gymnasium.
7. Continue partnership with Rowan County and other organizations to fund a Sports Development Task Force.
8. Develop a facility to house the Salisbury Rowan Hall of Fame.

Outcome #5 - Receive the Innes Street Zoning Overlay Plan to develop and implement a plan of action to visually and functionally enhance the Innes Street Corridor.

Goals Assigned to Outcome

1. Develop and implement an alternative for displaying community activity banners.
2. Install Mast-Arm Signal supports at appropriate intersections along Innes Street.

3. Explore the feasibility of installing a median on East Innes Street during the Innes Street Bridge construction project.

Outcome #6 - Adopt the Salisbury Vision 2020 Plan.

Goals Assigned to Outcome

1. Implement Salisbury Vision 2020 strategies, as appropriate, in accordance with defined schedules.
2. Continue to support the Salisbury Vision 2020 effort with staff, funding, public information, and community meetings.

Outcome #7 - Implement public infrastructure to support Flowers Bakery, Chamber of Commerce, F&M Bank, and Cheerwine projects.

Goals Assigned to Outcome

1. Complete the development of the E. Council Street Streetscape – Phase 2.
2. Complete upgrade of the Chamber of Commerce and City parking.
3. Complete upgrade of the Bernhardt/Rufty Parking lot.
4. Complete development of the Easy Street pedestrian access.

Outcome #8 - Develop and maintain a climate of City-County cooperation on projects of mutual interest and concern.

Goals Assigned to Outcome

1. Assure that City Council representative to the Salisbury Vision 2020 Task Force monitors the County Strategic Growth Plan for possible areas of conflict as the 2020 plan process progresses.
2. Conduct bi-monthly City-County meetings with elected officials.
3. Follow-up on City-County meetings to assure that appropriate actions are taken by both elected bodies.

Outcome # 9 - Initiate programs to attract, retain, and develop high quality City employees.

Goals Assigned to Outcome

1. Continue implementation of Multiculturalism Training for all City employees and interested citizens.
2. Consider providing an additional 1% 401(k) contribution as an added employee benefit.
3. Continue to implement an employee training and development plan.
4. Develop and implement a comprehensive Pay Plan.
5. Continue to evaluate applying the “Broad Banding” compensation program to other departments, in addition to the Utilities Department.
6. Develop and implement salary plans that compensate public safety and labor-intensive classes based on factors related to the nature of the jobs and market data.
7. Develop and implement recruitment strategies to recruit employees from diverse populations within the community.
8. Develop strategies to attract quality employees including signing bonuses, etc.

Outcome #10 - Determine ways the City can assist Rowan-Salisbury schools within the City limits.

Goals Assigned to Outcome

1. Provide Parks and Recreation facilities for tennis, cross country, and special meetings.
2. Develop a joint partnership with Rowan-Salisbury Schools and Salisbury High School to improve the athletic facilities on the Salisbury High School Campus.
3. Continue to jointly fund School Resource Officers for Salisbury High School, Knox Middle School and the Henderson Independent School.
4. Continue Fire Department fire safety programs for elementary schools.
5. Offer surplus PC's and printers to schools.

Outcome #11 - Improve the overall management of the City and its departments.

Goals Assigned to Outcome

1. Participate in Statewide programs with other cities to establish performance standards.
2. Develop system of standards to measure performance and accomplishments for all City departments.
3. Monitor accomplishments in achieving stated standards.
4. Create, monitor and evaluate departmental strategic plans.
5. Evaluate periodically the status of the City's outcomes and goals, and take corrective action as necessary.
6. Continue the City's Goal Setting and Future Directions process.

Outcome #12 - Implement special City Council initiatives to improve the quality of life for Salisbury citizens.

Goals Assigned to Outcome

1. Respond to special requirements and initiatives from the City Council, Boards and Commissions, and partnerships with other organizations.
2. Provide appropriate training for all Boards and Commissions concerning its role and responsibilities.
3. Establish a committee to evaluate the feasibility of an active community access channel.

Outcome #13 - Continue to improve and enhance our City's Downtown.

Goals Assigned to Outcome

1. Partner with Downtown Salisbury, Inc. (DSI) to implement the Downtown Salisbury Master Plan.
2. Create a Downtown Historic District.
3. Appoint a Downtown parking development committee to implement the parking plan and the traffic system.
4. Work with Downtown Salisbury, Inc. to determine the need for additional Police service in the downtown area.

Outcome #14 – Form a Civic Center Task Force.

Goals Assigned to Outcome

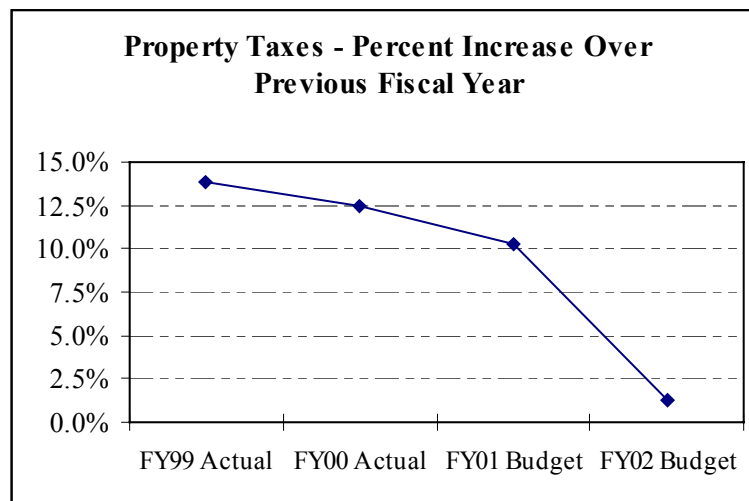
None

GENERAL FUND OVERVIEW

As a result of the direction given to the City Manager by the Salisbury City Council at the City of Salisbury's Future Directions and Goal Setting Conference in February, 2001, the City Manager, Financial staff and Management Team have concentrated on preparing a financial plan that will maintain the levels of current services to our citizens and utility rate payers while addressing the current financial and economic conditions impacting our local government and state.

Financial/Economic Conditions

The prevailing economic conditions impact the FY2001-02 Budget greatly. In calendar year 2000, four companies within the City closed. The tax base for the FY2001-02 reflects the closings and the subsequent removal of equipment from the tax base. In recent months, the unemployment rate within Rowan County has risen steadily from 5.4 percent in January 2001, to 6.1 percent in February 2001, to 8.3 percent in March 2001. The rising unemployment rate is a partial reflection of the plant closings and reflects the overall economic conditions within our region. This slowing economy has also affected the construction industry. Commercial construction and housing starts are declining impacting both the tax base and sales tax receipts. As shown below, the growth percentage for property taxes has dramatically decreased for the FY2001-02 Budget.



The second most significant revenue source for the City is sales tax receipts. The 2000 Census indicates that the population of the City as a percent of the total County decreased significantly from the prior year. This is important since some revenues including sales taxes are distributed between cities and counties on a per capita basis. This statistical decrease will result in Salisbury losing approximately \$100,000 in sales tax receipts as compared to last year's relative population totals. In addition to the lower percentage due to the difference in relative population, sales tax receipts for the County is only anticipated to grow slightly. The combination of a lower distribution percent and low sales tax growth resulted in sales tax receipts being budgeted at almost exactly last year's amounts. In prior years, the growth rate had been projected at four to five percent per year.

Strategy to Balance General Fund Budget

After paring capital outlay and Special Projects to the net budgeted amount contained in the FY2000-01 Budget, eliminating eight requested new positions, and reviewing non-variable expenditures, there was still a budget deficit. In order to address the FY2001-02 Budget Deficit, I requested that all departments divide their budgets into fixed and variable costs and reduce their

FY2000-01 variable budget by twenty-one percent. This enabled all operating and service units to decide which items were most critical in maintaining existing levels of support services to operating units and existing levels of service to our citizens. These actions resulted in our meeting the first objective assigned by the Salisbury City Council: **preparing and submitting the FY2001-02 Budget with no tax increase.** A synopsis of the major initiatives contained in the General Fund follow.

POLICE DEPARTMENT

The Salisbury Police Department (SPD) will continue its efforts with the successful community-policing model selected by the Salisbury City Council through the implementation of the Police Crime Control Plan, Strategic Plan and the Patrol Plan concepts. The Crime Control Plan will focus on two major initiatives, Diversity and Youth Violence. Many initiatives concentrating in the areas of Youth Violence and Latino Community Mobilization are already planned. The committee has asked Peter Bellmio, the Police Department's consultant who helped with the Plans identified above, to return for another kick off and strategy session. We are in the final stages of the Patrol Plan study and everything is coming together. During the next fiscal year, district size, staffing and shift scheduling will be addressed.

The Police Department will increase the effectiveness and efficiency of the Police K-9 Program through the City Ownership Program. We are scheduled to purchase another canine and develop another Officer.

Continued funding of the Chaplaincy program will strengthen support to all department personnel in many personal and professional ways. The Department Chaplain will coordinate all efforts of four Police Chaplains in the program. In the continued theme of Spirit, Soul and Body, we will begin developing a mandated Wellness Program.

In an effort to promote community partnerships while improving the quality of life for our local senior citizens, SPD has agreed to perform additional Patrol and Programs at the Yadkin House and the surrounding District. No additional personnel are required and the program will be funded with a grant providing \$112,000 for two years. The Housing Authority is keeping \$28,000 for the two years to directly pay off-duty Officers.

FIRE DEPARTMENT

The Salisbury Fire Department energetically attempts to provide the best in Fire Service for the citizens of Salisbury.

The on-going mission is to prevent or minimize the loss of life and property from fire, natural and technological disasters; provide hazardous material incident response; critical emergency medical service; emergency management planning; fire protection and prevention; fire service training and public education programs, as well as minimum housing inspections, code enforcement and non-emergency support services for the City of Salisbury.

The Salisbury Fire Department has worked diligently to attain the high level of service we enjoy and have come to expect in Salisbury. The Department operates with modern, well-designed and highly functional equipment operated by personnel who are among the best trained in the state. The Department's constant high level of training and dedication to the safety of our personnel continues to be reflected in operational efficiency and excellent safety record.

Training for Fire Department personnel is delivered by the National Fire Academy, The Department of Insurance, Rowan-Cabarrus Community College, Guilford County Community

College, the Institute of Government at Chapel Hill, and numerous other training and developmental organizations. The high level training for Fire Department personnel was a decisive factor in achieving the Department's Class II ISO rating.

While facing increasing costs and the critical need for additional personnel, the Fire Department has worked to keep budget increases at a minimum.

The services provided by our department from Fire and Hazardous Materials Incident mitigation to Life Saving Critical EMS services are high quality, reasonably priced, and critical to the high quality of life enjoyed by Salisbury residents.

PARKS AND RECREATION

The recommended Parks and Recreation budget represents a commitment to the operations of the Salisbury Community Park and Athletic Complex and an increased reliance on private funding of programs and facility development.

One new maintenance position is funded in this budget for the daily operations of the new athletic fields and lake that are being completed at the Community Park. A new reel mower has been included to allow for efficient mowing operations at the park as well as support equipment for the new employee.

Program Operations will attempt to support special events through increased donations and sponsorships. All programming efforts will involve an increase in sponsorships to maintain our current service level.

Park Maintenance will continue general park maintenance at our current level of service, some in-house repairs will be delayed and our overall capital improvement of existing parks will be slowed due to a decrease in funding.

Marketing and Community Relations will be a vital component for the Parks and Recreation department as we look for an increase in sponsorship of our programs and park development.

PUBLIC SERVICES DEPARTMENT

The Public Services Department includes the following divisions: Fleet Management, Street, Solid Waste Management, Transit, Traffic Operations, Landscape Operations, Hurley Park, and Cemetery. Additional staffing was added last year to accommodate growth in the City of Salisbury's residential, commercial, and industrial sectors. This year it is recommended that staffing remain the same and that existing levels of service be continued. Funding for capital has been reduced this year in order to meet current financial requirements.

HUMAN RESOURCES - PAY, BENEFITS, AND RECOMMENDATIONS

The Salisbury City Council continues to identify a goal of initiating programs to attract, retain and develop high quality City employees. To this end the following recommendations are made in an effort to successfully achieve this goal.

Merit Increases

For several years the City has been fortunate to be able to grant average merit increases at least four percent. This practice has allowed the City to continue efforts to retain employees and meet the demands of the labor market. Based on this year's budget projections an average three percent merit pay increase is recommended.

Pay and Compensation

The City continues to experience extreme difficulty in the recruitment, selection, and retention of employees in a number of job classes. A survey of a sample of all City positions indicates that City salaries are at least 12.5% below market. In order to remain competitive with comparable employers, salary adjustments are required. I have included \$110,000 in this year's budget to make salary adjustments as needed. Furthermore, I am proposing to increase the maximum of each salary range by five percent to allow for growth within a salary range.

Future recommendations for the implementation of a Public Safety Law Enforcement Compensation Plan are forthcoming.

Health Insurance

The rising cost and utilization of prescription drugs has directly affected existing health insurance rates. In order to continue the health insurance at the current level, new rates for the upcoming year will increase almost 18%.

Training and Development

The FY2001-02 budget includes the cost of continuing Multiculturalism Training for all City employees. Funds are also requested to continue Supervisory Training and training on other topics such as Customer Service, Workplace Violence, Employment Law and Financial Planning.

Personnel Recommendations

For the FY2001-02 Budget, the net number of budgeted positions for the City decrease by six positions over the previous fiscal year. In the Water and Sewer Fund, 14 positions have reduced. Of these 14 positions, six positions were added in FY2000-01 due to the consolidation with Spencer and then subsequently reduced. In the General Fund, three new positions were added: One position is a Personnel Analyst (Multiculturalism Program Coordinator) in Human Resources which will coordinate City and community programs. The salary and benefits for this position is funded through the *Race Will Not Divide Us Initiative* of the Z. Smith Reynolds Foundation, Inc. A maintenance worker position in Parks and Recreation is also recommended for the new Community Park. The Finance Department added one Customer Service Clerk in FY2000-01 due to the consolidation with Spencer Utilities. The Transit Fund is adding one Transit Operator to provide transit service to a new route. No positions are funded in the Special Revenue Funds due to a contractual arrangement with another agency.

VEHICLE AND EQUIPMENT REPLACEMENT FUNDS

It is recommended that \$1,413,259 included in the FY2001-02 General Fund Budget be transferred to the FY2001-02 General Fund Capital Reserve Fund. These funds, plus \$30,000 from interest earnings, will be programmed this year for replacement of the General Fund fleet and computer equipment, in accordance with the replacement schedules.

It is recommended that \$304,265 be transferred from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund. These funds, plus \$25,000 will be programmed to purchase the necessary Water and Sewer Fund vehicles and computer equipment in accordance with replacement schedules.

TRANSIT FUND

The recommended Transit Fund Budget for FY2001-02 is increased by \$86,072. This represents an increase of the current level of service offered by the City. The NCDOT is increasing the State Maintenance Assistance Program (SMAP) funding to enhance service by adding or expanding route(s). It is proposed that SMAP funds are used to add one route and position to the existing service. The proposed service area including Lincolnton Road., Jake Alexander Boulevard and Brenner Avenue has been identified as requiring service by the number of requests/inquiries regarding transportation to businesses, grocery stores and restaurants located in the vicinity. Additional target areas and service models will be identified during the planning process.

The recommended budget for Administration, Operations, and Capital are as follows:

Personnel	\$	445,444
Operations		128,563
Capital		7,400
Total	\$	<u>581,407</u>

SPECIAL REVENUE FUNDS

The City of Salisbury will receive approximately \$366,000 in Community Development Block Grant (CDBG) Funds and \$126,446 in HOME Funds from the Department of Housing and Urban Development (HUD) this fiscal year. The City anticipates approximately \$150,000 in program income available for eligible projects, for a total budget of \$642,446.

The following approved budget represents the requests from citizens for use of the FY2001-02 CDBG and HOME funds from public neighborhood meetings and public hearings.

<u>Activities</u>	<u>Funding</u>
Acquisition/Resale/Housing Rehabilitation (CDBG)	\$180,000
Code Enforcement (CDBG)	50,000
Emergency Rehabilitation (CDBG)	55,000
Streetscape/Landscape (CDBG)	55,000
Acquisition/Resale (HOME)	35,600
Housing Rehabilitation (HOME)	20,000
Home Ownership Assistance (HOME)	60,000
<u>Public Services</u>	
Rowan Helping Ministries (CDBG)	25,000
Salisbury Youth Employment (CDBG)	7,500
Family Crisis Council (CDBG)	18,000
Community Youth Garden (CDBG)	3,000
Rowan Community Clinic (CDBG)	7,500
Program Administration (CDBG & HOME)	<u>125,846</u>
TOTAL BUDGET	\$642,446

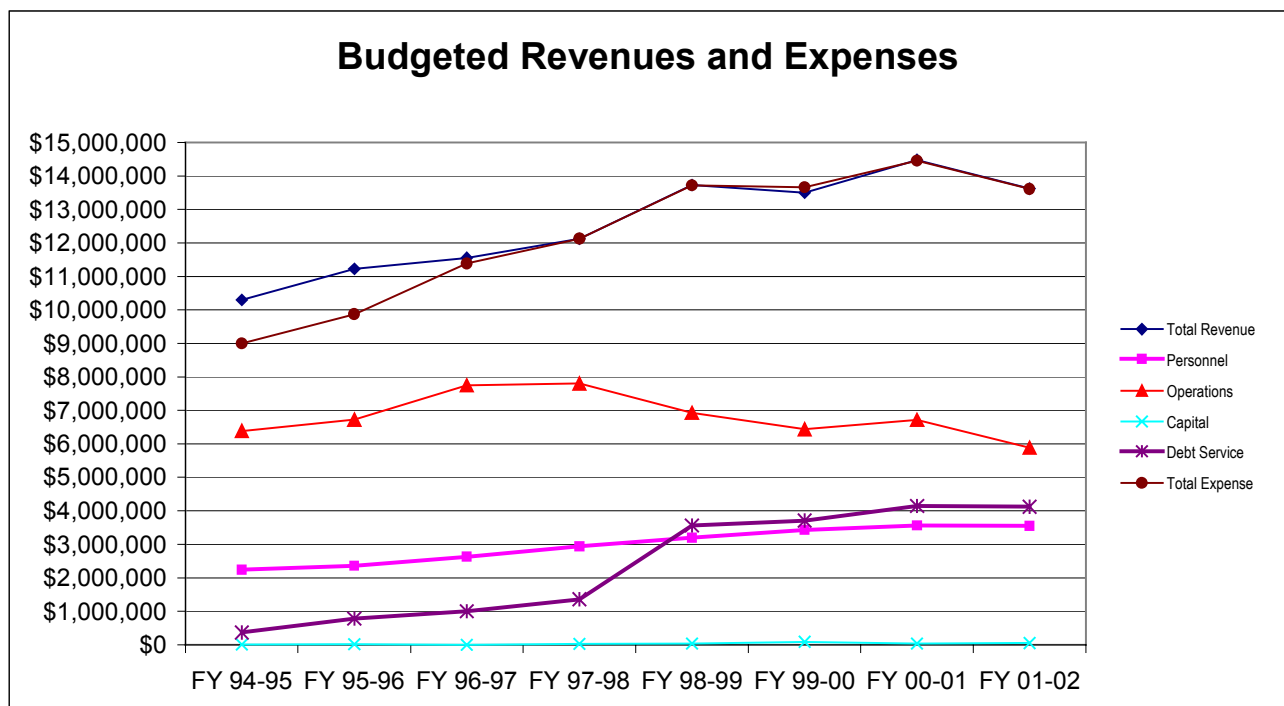
Funding to support the recommendations of the Neighborhood Improvement Task Force is included in the FY2001-02 Budget. In addition, I am recommending that a partnership be established between the City of Salisbury and the Salisbury Community Development

Corporation (CDC) for the purpose of allowing the CDC an opportunity to rehabilitate housing and provide for first time home ownership in selected areas. This partnership will reduce budgeted city staffing by 1.5 positions and put an additional \$50,000 into the program. A copy of the recommended contract will be distributed.

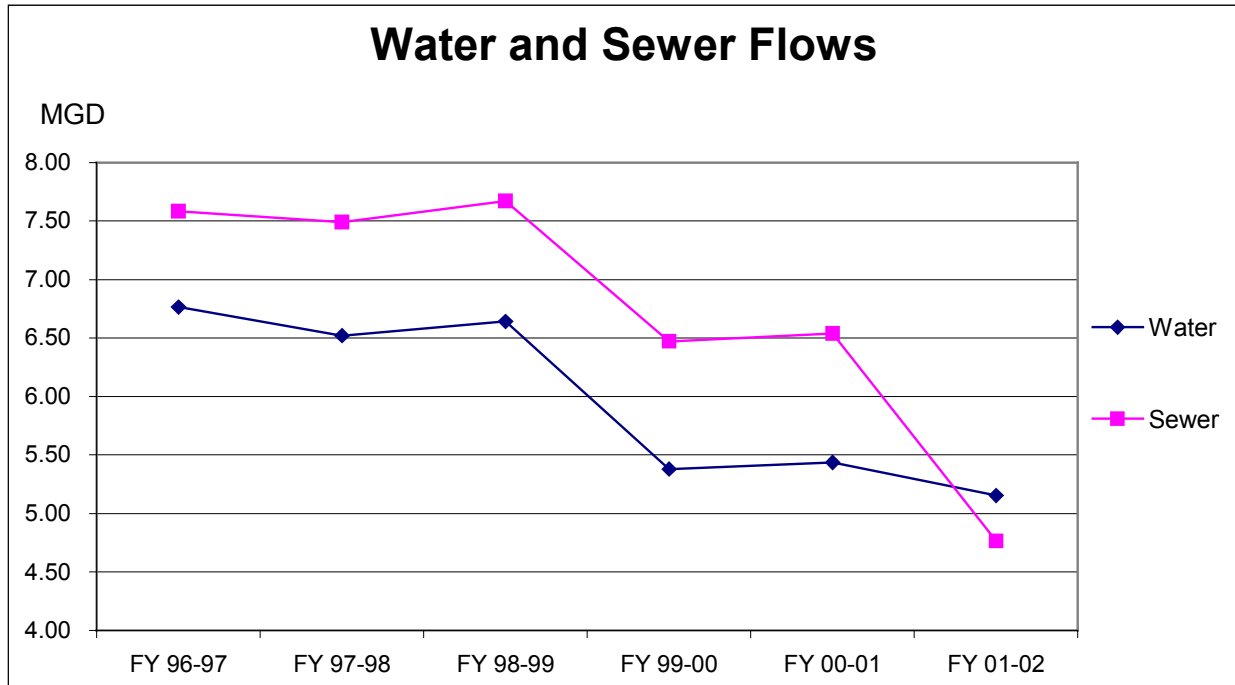
WATER AND SEWER FUND

The second directive of addressing the significant financial issues addressing while minimizing the impact of water and sewer rate increases proved more difficult. An historic joint resolution with Rowan County Commissioners concerning service to Carolina Power & Light (CP&L), the Highway 70 corridor, the Highway 29 corridor and the South Rowan Area will prove to be very beneficial to the Salisbury Utility Department in the future. The thorny problems facing the water and sewer utility over the next two years will have a negative impact on utility ratepayers in the short term. Dramatic conservation efforts by utility customers, a slowing Rowan County economy and severe drought conditions in the Towns of China Grove and Landis must be addressed now. The question facing the City of Salisbury is how to maintain the economic viability of the Salisbury Utility Department while effectively dealing with the increasing cost of debt and customer service during the next two years while waiting for significant future water customers to come on line. There are no easy answers, but an interim plan is included in this budget. Though these recommendations may not be popular, if implemented, they will lead a stabilization of rates and service by the end of the next two budget years.

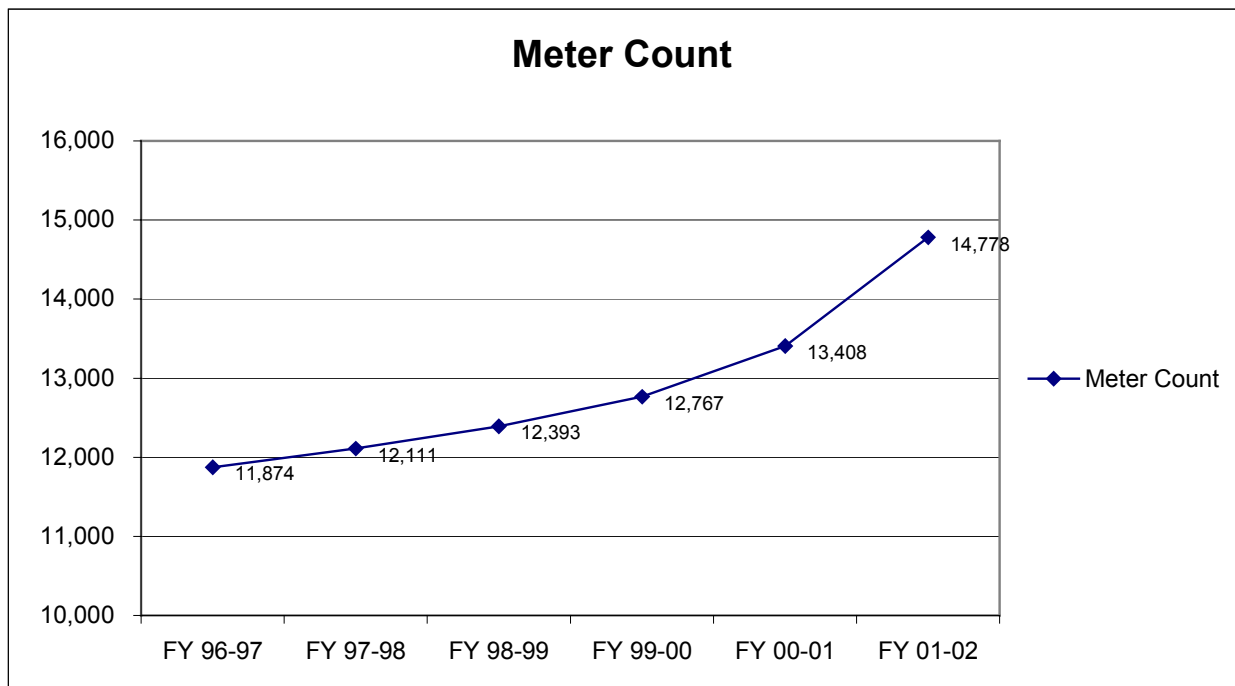
The recommended FY2001-02 Water and Sewer Fund Budget of \$13.6 million contains a proposed 11.74 percent average residential water and sewer rate increase. Average monthly residential water and sewer utility bills would increase from \$40.89 to \$45.69. This rate increase would be effective July 1, 2001. In the proposed budget, personnel, operations and debt service costs have all been reduced, from previous years, while capital costs remain relatively flat as shown below.



The major contributing factor to this increase was a 20.0 percent reduction in water and sewer revenues.



This decrease in consumption has occurred despite a steady increase in new accounts.



Two factors led to this shortfall. A shifting economy has led to the loss of several water and sewer customers, and reduced consumption by others. The severe drought in this area has also adversely affected many of our neighbors' ability to meet their customers' demand for water and forced emergency conservation measures. Since Salisbury is blessed with an abundant supply of water from the Yadkin River, we did not experience a severe impact due to the drought.

However, the intense media focus on the drought crisis has yielded the unusual result of our customers also reducing their usage. This situation resulted in a major reduction in water revenue for the Salisbury Utility Department. For example, if every customer uses just one less billing unit (defined as 100 cubic feet of water which is equivalent to 748 gallons) per month, our revenues would drop by \$750,000. The drought also affected our sewer revenue picture by greatly reducing the amount of metered inflow/infiltration that we treat at our wastewater treatment plants. All told, we experienced a **\$2.9 million revenue shortfall** during FY2000-01.

As soon as the budget deficit was identified by staff, the City Manager, Assistant City Manager, Human Resources Director, Finance Director, Productivity Analyst, Utilities Director and Assistant Utilities Director worked to develop a comprehensive plan to address both short term and long term solutions. The result of this plan was that, in the short term, the Department implemented a 14% Reduction In Force (RIF). Fourteen positions were eliminated including 8 vacant and 6 filled positions. Our RIF targeted primarily middle management and office personnel. We also reorganized our operations units/divisions from seven to four. We have also incorporated a finance capability into our restructured department. These changes have already been implemented and shown results. In addition, nonessential expenditures and non-critical positions have been frozen, and some funds reallocated.

While the next several years will indeed be very lean, the future does look much brighter. The Department is currently finalizing water extension agreements with Rowan County to serve southern Rowan County; with Carolina Power & Light; and finally with ENTERGY. These projects, along with the provision of sewer service to the Town of Faith, will all result in a gradual increase in revenues over the next three years. The proposed Westcliff/US-70 area annexation will also modestly impact future revenues.

All water and sewer fees will be reviewed during FY2001-02. Only minor changes have been made since the current fees were approved in 1987. Strong consideration should be given to recovering actual average costs of service. Another recommendation is to phase out the GO WITH THE FLOW discounted connection fee program over the next six months. Fees have been reduced by 75% to encourage new connections. Our staff has been overwhelmed by the success of this program. The GO WITH THE FLOW program would end on January 1, 2002. In order to address critical space needs, it is recommended that the Salisbury Utility Department reimburse the Waterworks \$250,000 of the \$750,000 leasehold improvements over a three year period beginning July 1, 2003.

The Salisbury Utility Department has undergone a tremendous amount of change. Even with the addition of several thousand individual customers over the last several years, the Salisbury Utility Department is struggling to maintain the sale of the necessary volumes of water to maintain the benefits of achieving economies of scale. Help is on the way, but will not be on line in time to avoid water and sewer rate increases this year. The Salisbury Utility Management Team is doing everything it can to address these issues in the short term including restructuring the organization, implementing reductions in force, deferring capital expenditures and curtailing operations where possible, but there are no easy answers. The recommendations contained in the this interim plan may not be popular, but if implemented, they will lead to achieving the economies of scale necessary to stabilize rates and service by July 1, 2003. During the interim we pledge to continue to look for ways to successfully operate the water and sewer utility, with the highest degree of quality and reliability at the lowest possible cost.

IN CONCLUSION

I want to especially thank John Sofley, City Finance Director, Teresa Harris, Budget and Performance Management Manager, the entire Utility Management and Finance Team, Myra Heard, Finance Specialist and the entire Finance Department staff for another excellent effort on a most difficult budget. Thanks are also in order for the City Management Team and all Department and Division Managers who worked so hard to prepare this financial plan.

In addition, I would like to thank the City Council, the Volunteer Boards and Commissions for their vision and commitment during the Goal Setting and Future Directions Process. I also appreciate the time that each member of City Council will spend in evaluating and finalizing the recommendations contained in this year's Budget. I look forward to working with each of you in adopting the FY2001-02 Budget and appreciate your continued support in implementing the Outcomes, Strategies, Goals and Service Levels contained in this Budget.

David W. Treme
City Manager

ADDENDUM

On June 5, 2001, the City Manager presented a balanced FY2001-02 Budget proposal that totaled \$41,913,622 for all funds. City Council had set a budget work session for Thursday, June 14 and a public hearing for Tuesday, June 19. A second budget work session was held on Wednesday, June 27 for further discussion on budgetary options and subsequent adoption of the Annual Budget.

After much discussion at the work sessions, City Council members agreed to a 9.9 percent average residential water and sewer rate increase effective July 1, 2001 due to the addition of customers in the South Rowan area during the fourth quarter of the fiscal year. All other City Manager recommendations were adopted as stated.

EXHIBIT 1
CITY OF SALISBURY
SPECIAL PROJECTS FOR FY 2001-02

	<u>REQUESTED</u>	<u>MANAGER RECOMMENDS</u>	<u>ADOPTED</u>
MANAGEMENT & ADMINISTRATION			
Institute of Government - Facility Project	\$ 5,000	\$ 5,000	\$ 5,000
Pledge for Trolley	5,000	-	-
2003 Celebration	5,000	5,000	5,000
Total Special Projects	<u>\$ 15,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
HUMAN RESOURCES			
Multiculturalism Training Program	\$ 25,000	\$ 25,000	\$ 25,000
Broadbanding Software	35,000	-	-
HRIS	20,000	-	-
Salary Adjustments	110,000	110,000	110,000
Background Investigations	5,000	5,000	5,000
Police Officers Written Exams	3,000	-	-
Employee Development Program	20,800	20,000	20,000
Recruitment Incentives	17,500	-	-
Market Data Purchase	4,000	-	-
Total Special Projects	<u>\$ 240,300</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>
INFORMATION TECHNOLOGIES			
Review of 800 Trunking System	\$ 15,000	\$ -	\$ -
Total Special Projects	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>
FINANCE			
Software Modification	\$ 6,000	\$ 4,000	\$ 4,000
Total Special Projects	<u>\$ 6,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
POLICE			
Administration (514)			
Crime Control Plan	\$ 5,000	\$ 5,000	\$ 5,000
Inter-National Accreditation	11,700	11,700	11,700
Accreditation Mock Assessment	1,500	1,500	1,500
Diversity Enhancement Services	5,000	5,000	5,000
Wellness Program	5,000	5,000	5,000
Police Chaplaincy Program	5,000	5,000	5,000
Patrol Plan	5,000	5,000	5,000
Total Special Projects	<u>\$ 38,200</u>	<u>\$ 38,200</u>	<u>\$ 38,200</u>
LAND MANAGEMENT & DEVELOPMENT-ENGINEERING			
Traffic Signal System	\$ 90,000	\$ 90,000	\$ 90,000
Downtown Streetscape/Parking	777,544	-	-
Council Street RR Crossing	20,000	20,000	20,000
Greenway, Phase 2 Construction	339,000	335,000	335,000
Brenner Avenue Pedestrian Medians	25,000	25,000	25,000
Drainage Grants	25,000	15,000	15,000
Opticom	52,500	52,500	52,500
Sunset Drive Traffic Calming	32,000	32,000	32,000
Innes Street Overhead Wires	10,000	10,000	10,000
Club House Drive	110,000	-	-
Total Special Projects	<u>\$ 1,481,044</u>	<u>\$ 579,500</u>	<u>\$ 579,500</u>

	<u>REQUESTED</u>	<u>MANAGER RECOMMENDS</u>	<u>ADOPTED</u>
LAND MANAGEMENT & DEVELOPMENT-PLANNING & COMMUNITY DEVELOPMENT			
Planning Board:			
2020 Education/Board Training	\$ 10,000	\$ 4,771	\$ 4,771
2020 Ordinance Rewrites	30,000	20,000	20,000
Annexation Legal Fees	15,000	15,000	15,000
Annexation Surveying	15,000	15,000	15,000
ETJ Zoning Signs	1,000	-	-
Historic Preservation Commission:			
Historic Guidelines Printing	8,000	-	-
Mailouts	1,000	-	-
HA Overlay Downtown Guidelines	8,000	-	-
Incentive Grant New District	30,000	30,000	30,000
Community Appearance:			
Public Information Station	30,000	10,000	10,000
Freedman's Memorial	20,000	20,000	20,000
Neighborhood Rehab Grant	100,000	100,000	100,000
Awards Program	5,000	4,000	4,000
Landscape of the Month	1,800	1,600	1,600
Innes Street Incentive Grant	35,000	25,000	25,000
Trash Receptacles Downtown	5,000	-	-
Welcome Signs	6,000	-	-
Brick Sidewalks Downtown	20,000	-	-
Print Innes Street Guidelines	8,000	-	-
Tree Board:			
Neighborhood Tree Plantings	10,000	-	-
Downtown Tree Replacements	10,000	-	-
Pocket Park - Elm/Lincolnton	3,000	-	-
Pocket Park - Park Road	5,000	-	-
Other:			
Maintenance of Tractor Building	10,000	5,000	5,000
GIS (491-701)			
ArcSDE GIS Data Storage	19,900	18,900	18,900
Total Special Projects	<u>\$ 406,700</u>	<u>\$ 269,271</u>	<u>\$ 269,271</u>
TELECOMMUNICATIONS			
Cable TV Franchise Renewal	<u>\$ 25,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Total Special Projects	<u>\$ 25,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
PUBLIC SERVICES-ADMINISTRATION			
Facility Study	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Total Special Projects	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
PUBLIC SERVICES-STREET			
Utility Strip - 100 W. Innes St. - North Side	\$ 10,000	\$ -	\$ -
200 S. Main Street - East Side			
Target Neighborhood Improvements	5,000	-	-
Stabilize Creek Bank Adjacent to Park Road	10,000	-	-
Total Special Projects	<u>\$ 25,000</u>	<u>\$</u>	<u>\$</u>

	<u>REQUESTED</u>	<u>MANAGER RECOMMENDS</u>	<u>ADOPTED</u>
PUBLIC SERVICES-CEMETERY			
Trash Receptacles-All Cemeteries	\$ 1,000	\$ -	\$ -
Replace Trees at Chestnut Hills	3,000	-	-
Replace Trees and Shrubs-All Cemeteries	1,000	-	-
Total Special Projects	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>
PUBLIC SERVICES-LANDSCAPE OPERATIONS			
Downtown Street Trees	\$ 4,000	\$ 4,000	\$ 4,000
Neighborhood Trees	2,500	2,500	2,500
East Council Streetscape	2,500	-	-
Jake Alexander Medians	1,000	-	-
Award Banquet	2,000	1,000	1,000
Arbor Day Celebration	500	500	500
Hedrick Street National Cemetery	4,000	-	-
Property Demolition	35,000	35,000	35,000
Total Special Projects	<u>\$ 51,500</u>	<u>\$ 43,000</u>	<u>\$ 43,000</u>
PUBLIC SERVICES-LANDSCAPE OPERATIONS-HURLEY PARK			
Spring Celebration	\$ 1,600	\$ 1,600	\$ 1,600
Brochure Reprint	1,700	1,700	1,700
Landscape Small Gazebo	3,000	-	-
Irrigation for South Side	5,000	-	-
Matching Project Funds	3,000	3,000	3,000
Total Special Projects	<u>\$ 14,300</u>	<u>\$ 6,300</u>	<u>\$ 6,300</u>
GRAND TOTAL-SPECIAL PROJECTS	<u>\$ 2,353,044</u>	<u>\$ 1,160,271</u>	<u>\$ 1,160,271</u>
<i>TOTAL OFFSETTING REVENUE</i>	<i>\$ 337,500</i>	<i>\$ 337,500</i>	<i>\$ 337,500</i>
TOTAL CITY SHARE	\$ 2,015,544	\$ 822,771	\$ 822,771

EXHIBIT 2
SPECIAL COMMUNITY EFFORTS GROUPS APPROPRIATIONS FOR FY 2001-02

	FY2000-01 ADOPTED	REQUESTED	MANAGER RECOMMENDS	ADOPTED
Human Relations Council	\$ 3,500	\$ 18,700	\$ 3,500	\$ 3,500
Action Grants	22,000	35,000	22,000	22,000
Community Appearance	1,200	1,200	1,200	1,200
Historic District Commission	500	2,000	500	500
Salisbury-Rowan EDC	46,670	53,670	53,670	53,670
Downtown Salisbury, Inc.	60,580 *	72,000	60,580 *	60,580
Tree Board	900	900	900	900
Waterworks Gallery	10,000	10,000	10,000	10,000
Rowan Museum	6,000	10,000	6,000	6,000
United Arts Council	45,000	45,000	45,000	45,000
Rufty Holmes Senior Center	50,000	50,000	50,000	50,000
Rowan Information & Referral	4,500	4,500	4,500	4,500
Supplementary Education	42,342	42,342	42,342	42,342
	<u>\$ 293,192</u>	<u>\$ 345,312</u>	<u>\$ 300,192</u>	<u>\$ 300,192</u>

* Includes \$6,000 for Christmas Lights

Exhibit 3
POSITION LISTING WITH SALARY RANGES

Position	Grade	Salary Range	
		Minimum	Maximum
Account Clerk I / II	122	\$19,350	\$35,774
Accountant I / II	131	\$24,149	\$44,636
Accounting Manager	151	\$39,486	\$72,989
Animal Control Specialist	120	\$18,429	\$34,050
Assistant City Manager	260	\$51,828	\$99,220
Assistant Fire Chief	445	\$50,858	\$68,154
Assistant Utilities Director	523E	\$52,647	\$78,970
Athletic Maintenance Manager	136	\$27,310	\$50,472
Battalion Chief	439	\$39,848	\$53,400
Bldg. & Grounds Maint. Wkr. I	110	\$14,414	\$26,623
Bldg. & Grounds Maint. Wkr. II	114	\$15,893	\$29,382
Budget & Performance Management Manager	150	\$38,532	\$71,220
Buyer	122	\$19,350	\$35,774
Cemetery Operations and Maintenance Supervisor	128	\$22,427	\$41,462
Center Attendant	115	\$16,286	\$30,119
City Clerk	234	\$27,274	\$52,213
City Code Inspector	121	\$18,886	\$34,900
City Engineer	153	\$41,477	\$76,668
Civil Engineer III	147	\$35,786	\$66,155
Community Dev & Neighborhood Planning Mgr	153	\$41,477	\$76,668
Crime Analyst	327	\$25,903	\$45,600
Crossing Guard	105	\$12,734	\$23,546
Customer Service Clerk I	114	\$15,893	\$29,382
Customer Service Clerk II	118	\$17,534	\$32,412
Customer Services Supervisor	131	\$24,149	\$44,636
Department Secretary	126	\$21,353	\$39,465
Department Secretary	509C	\$23,010	\$36,242
Deputy Police Chief	349	\$41,350	\$72,793
Development Services Manager	147	\$35,786	\$66,155
Development Services Specialist	127	\$21,882	\$40,448
Engineering Technician	513C	\$25,418	\$40,033
Engineering Technician II	124	\$20,326	\$37,572
Equipment Operator I	113	\$15,517	\$28,676
Equipment Operator II	120	\$18,429	\$34,050
Facilities Maintenance Supervisor	128	\$22,427	\$41,462
Facilities Management Director	145	\$34,070	\$62,981
Finance & Support Services Manager	521D	\$43,934	\$69,189
Finance Director	255	\$45,808	\$87,696
Finance Specialist	126	\$21,353	\$39,465
Fire Captain	431	\$32,783	\$46,129
Fire Chief	255	\$45,808	\$87,696
Fire Control Specialist I	420	\$21,080	\$31,222
Fire Control Specialist II	424	\$24,463	\$34,422
Fire Engineer	427	\$26,971	\$37,951
Fire Investigations/Inspection Officer	439	\$39,848	\$53,400
Fire Investigation/Inspection Specialist	431	\$32,783	\$46,129

Position	Grade	Salary Range	
		Minimum	Maximum
Fire Logistics Officer	431	\$32,783	\$46,129
Fire Projects Analyst	431	\$32,783	\$46,129
Fiscal Analyst	140	\$30,126	\$55,687
Fleet Services Manager	145	\$34,070	\$62,981
Fleet Services Shift Supervisor	134	\$26,000	\$48,055
Fleet Services Supervisor	136	\$27,310	\$50,472
Grounds Maintenance Supervisor	128	\$22,427	\$41,462
Grounds Maintenance Worker I	109	\$14,061	\$25,990
Grounds Maintenance Worker II	114	\$15,893	\$29,382
Human Resources Director	255	\$45,808	\$87,696
Identification Specialist	121	\$18,886	\$34,900
Industrial Pretreatment Coordinator	514C	\$29,394	\$49,293
Information Technologies Manager	600	\$51,695	\$90,042
Inventory Control Specialist	514C	\$29,394	\$49,293
Laboratory Analyst	510C	\$23,498	\$43,614
Laboratory Supervisor	515C	\$32,760	\$51,597
Land Mgmt & Dev Director	260	\$51,828	\$99,220
Landscape Division Manager	131	\$24,149	\$44,636
Landscape Maintenance Supervisor	128	\$22,427	\$41,462
Mail Coordinator	115	\$16,286	\$30,119
Marketing & Community Relations Manager	136	\$27,310	\$50,472
Master Police Officer	327	\$25,903	\$45,600
Mechanic	700	\$23,920	\$46,738
Meter Mechanic	502A	\$19,053	\$31,581
Meter Reader	502A	\$19,053	\$31,581
Meter Services Supervisor	517D	\$35,568	\$56,003
Minimum Housing/Inspection Specialist	121	\$18,886	\$34,900
Park Curator	123	\$19,832	\$36,657
Parking Control Specialist	120	\$18,429	\$34,050
Parks & Recreation Maintenance Manager	136	\$27,310	\$50,472
Parks & Recreation Director	251	\$41,500	\$79,449
Parts Manager	126	\$21,353	\$39,465
Permit Services Coordinator	121	\$18,886	\$34,900
Personnel Analyst I	134	\$26,000	\$48,055
Personnel Analyst II	139	\$29,394	\$54,341
Personnel Technician II	130	\$23,566	\$43,550
Planner I	134	\$26,000	\$48,055
Plants Maintenance Supervisor	512C	\$24,731	\$44,226
Plants Maintenance Supervisor	516C	\$33,348	\$52,525
Police Chief	255	\$45,808	\$87,696
Police Information Clerk	115	\$16,286	\$30,119
Police Lieutenant	339	\$32,433	\$57,097
Police Officer I	324	\$24,660	\$43,410
Police Officer II	324	\$24,660	\$43,410
Police Planner	143	\$32,433	\$59,952
Police Records Clerk	115	\$16,286	\$30,119
Police Records Coordinator	123	\$19,832	\$36,657
Police Sergeant	339	\$32,433	\$57,097
Police Telecommunicator	124	\$20,326	\$37,572
Police Telecommunications Supervisor	131	\$24,149	\$44,636

Position	Grade	Salary Range	
		Minimum	Maximum
Productivity Analyst	143	\$32,433	\$59,952
Public Services Director	251	\$41,500	\$79,449
Purchasing Manager	143	\$32,433	\$59,952
Purchasing Technician	118	\$17,534	\$32,412
Recreation Aide	105	\$12,734	\$23,546
Recreation Coordinator	134	\$26,000	\$48,055
Recreation Leader	131	\$24,149	\$44,636
Recreation Program Manager	147	\$35,786	\$66,155
Regulatory Compliance Technician	506B	\$22,430	\$35,337
Residuals Operator	507C	\$22,569	\$42,304
Residuals Supervisor	516C	\$33,348	\$52,525
Risk Management Assistant	127	\$21,882	\$40,448
Risk Manager	150	\$38,532	\$71,220
Senior Building Maintenance Worker	117	\$17,118	\$31,634
Senior Customer Service Clerk	122	\$19,350	\$35,774
Senior Grounds Maintenance Worker	119	\$17,979	\$33,231
Senior Meter Mechanic	508C	\$22,859	\$37,892
Senior Meter Reader	508C	\$22,859	\$37,892
Senior Office Assistant	119	\$17,979	\$33,231
Senior Planner	143	\$32,433	\$59,952
Senior Wastewater Treatment Plant Operator	508C	\$22,859	\$37,892
Senior Water Treatment Plant Operator	508C	\$22,859	\$37,892
Signs & Marking Crew Leader	121	\$18,886	\$34,900
Signs & Marking Technician II	116	\$16,702	\$30,860
Solid Waste Equipment Operator	119	\$17,979	\$33,231
Solid Waste Mgmt Division Manager	136	\$27,310	\$50,472
Solid Waste Operations Supervisor	128	\$22,427	\$41,462
Senior Bldg. & Grounds Maintenance Worker	119	\$17,979	\$33,231
Street Maintenance Manager	147	\$35,786	\$66,155
Street Maintenance Supervisor	128	\$22,427	\$41,462
Street Maintenance Worker I	109	\$14,061	\$25,990
Street Maintenance Worker II	114	\$15,893	\$29,382
Systems Analyst	601	\$37,850	\$69,169
Systems Maintenance Technician	505B	\$21,653	\$38,023
Technologies Services Technician	132	\$24,752	\$45,741
Telecommunications Manager	151	\$39,486	\$72,989
Traffic Operations Manager	139	\$29,394	\$54,341
Traffic Signal Technician I	118	\$17,534	\$32,412
Traffic Signal Technician II	122	\$19,350	\$35,774
Transit Dispatcher	119	\$17,979	\$33,231
Transit Manager	136	\$27,310	\$50,472
Transit Operator	118	\$17,534	\$32,412
Transit Operator/Service Worker	118	\$17,534	\$32,412
Urban Design Planner	143	\$32,433	\$59,952
Urban Resource Planner	143	\$32,433	\$59,952
Utilities Director	524F	\$72,301	\$113,861
Utilities Engineer	518D	\$38,864	\$61,220
Utilities Maintenance Supervisor	511C	\$24,336	\$38,329
Utilities Maintenance Technician	501A	\$17,043	\$30,991
Utilities Systems Manager	520D	\$42,608	\$67,117

Position	Grade	Salary Range	
		Minimum	Maximum
Utility Plants Manager	521D	\$43,934	\$69,189
Utility Systems Supervisor	512C	\$24,731	\$44,226
Victim's Advocate	327	\$25,903	\$45,600
Wastewater Treatment Plant Operator	507C	\$22,569	\$42,304
Wastewater Treatment Supervisor	516C	\$33,348	\$52,525
Water Treatment Manager	521D	\$43,934	\$69,189
Water Treatment Plant Operator	507C	\$22,569	\$42,304
Water Treatment Supervisor	516C	\$33,348	\$52,525
Zoning & Code Enforcement Specialist	121	\$18,886	\$34,900

Unclassified:

Mayor, Mayor Pro Tem, Council Member, City Manager